

SOURCES OF FUNDS FOR ARMY USE

(OTHER THAN TYPICAL ARMY APPROPRIATIONS)

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SOURCES OF FUNDS FOR ARMY USE

(Other than Typical Army Appropriations)

Chapter 1--INTRODUCTION

1.1 Purpose of the Guide. Installations and MACOMs are familiar with funding from typical appropriations, such as Operation and Maintenance, Army (O&MA), Research, Development, Test and Evaluation (RDTE), Other Procurement, Army (OPA), and others, and the program/budget process required to obtain them. However, installations and MACOMs are generally less knowledgeable about other available sources of funds that potentially may be obtained to supplement the more common Army appropriations. The purpose of Part I of this Guide is to provide information about these other sources of funds, including descriptions of the funds or the programs that generate the funds, pertinent laws and regulations, the money flow, and the functional proponents for the programs or funds. The Guide is an overview of the programs or funds and is not intended to substitute for the numerous regulations and various program/budget instructions governing the programs.

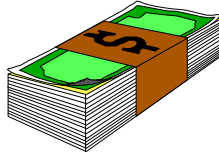
To provide a more complete picture of resources available to installations (other than typical Army appropriations), Part II of the Guide includes information on Nonappropriated Funds (NAF), and MWR commercial sponsorships. In addition, Part II includes a chapter on partnerships, which can help increase the buying power of available funds from all sources.

Part III of the Guide describes legislative proposals submitted for the 104th Congress, Second Session, that could result in additional sources of funds. If the legislation is enacted, installations and MACOMs will be provided with implementing instructions on how to obtain these funds.

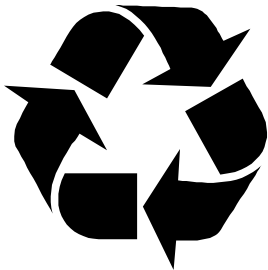
1.2 Proponent of the Guide. The proponent organization for this Guide is the Assistant Secretary of the Army for Financial Management & Comptroller, Resource Analysis and Business Practices, Financial Analysis Directorate, SAFM-RBA. Users may refer questions or suggested improvements to LTC Steve Prangley, DSN 223-6563 or (703) 693-6563, or send them to ASA(FM&C), ATTN: SAFM-RBA, 109 Army Pentagon, Washington, DC 20310-0109. We also encourage users who may be aware of additional sources of funds to provide information on them to SAFM-RBA. We will include them in the next update of the Guide.



Part I--CURRENT SOURCES OF FUNDS



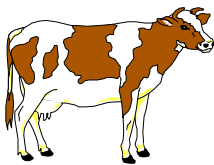
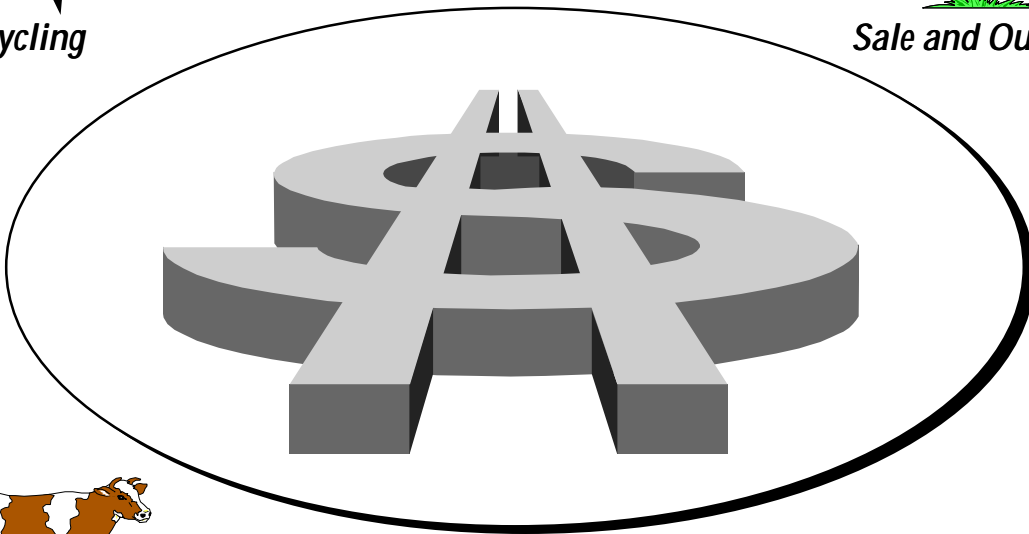
Royalties



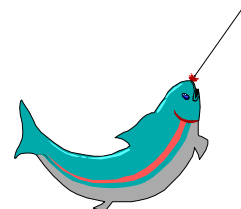
Recycling



Sale and Outlease



Agriculture and Grazing



*Fish and Wildlife
Conservation*

Chapter 2--AGRICULTURAL AND GRAZING LEASES

2.1 Description of the Funds or Program that Generates the Funds.

Land that is required to support the Army military mission may also be outleased for agricultural and grazing purposes. These purposes are in compliance with the multiple land use concept and the requirement for installations to improve, utilize and maintain all land and water areas for the greatest net public benefit while supporting the military mission. Agricultural and grazing uses also must be compatible with national conservation and environmental policies. Money rentals received from leases for agriculture and grazing may be retained and spent in such amounts as the Secretary of the Army considers necessary to cover the administrative expenses of leasing and to cover the financing of multiple land use management programs at any installation under the jurisdiction of the Secretary. Some specific examples of appropriate use of the proceeds are: to cover administrative expenses of leasing, to finance improvement of lands not currently leased for agricultural and grazing purposes, and to cover expenses associated with improving land already leased for these purposes so that increased rental value will be realized.

2.2 Pertinent Laws and Regulations.

10 U.S.C. 2667, Section (d)(4) permits Army retention and expenditure of money rentals received from Agriculture and Grazing leases. AR 200-3, Natural Resources--Land, Forest, and Wildlife Management, sets forth policy, procedures, and responsibilities for management of natural resources and authorizes outleases for agricultural and grazing purposes. AR 405-80, Granting Use of Real Estate, and related Technical Manuals provide

implementing instructions for leasing for agriculture and grazing. AR 37-1, Army Accounting, Fund Control, and Finance Policies and Procedures, prescribes financial policies and procedures for this program.

2.3 Illustration of Money Flow. All proceeds received from the lessee for agricultural and grazing leases are deposited in a centrally managed DA Suspense Account (21F3875.3950 08-C S99999), reference AR 37-100-FY. HQDA transfers funds between the suspense account and the operating appropriations. Funds are provided to district and division engineer offices and installations or activities as automatic reimbursement authority for administrative expenses and approved multiple land use management programs. Army disbursing stations report proceeds collected to DFAS-IN on a monthly basis, to establish the basis for review of the program.

2.4 Magnitude of Army Dollars. From this program, Army received the following dollars: FY92--\$3.3 million; FY93--\$3.6 million; FY94--\$3.0 million. Collections for FY95 are estimated at \$3.7 million.

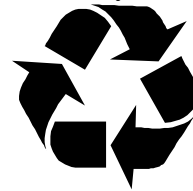
2.5 Functional Proponent for the Program or Funds. The Director of Public Works Natural Resources Manager is the local program proponent. The US Army Corps of Engineers (Real Estate) is the overall program manager for the Agricultural and Grazing program. The HQDA proponent is the Assistant Chief of Staff for Installation Management (ACSIM). The ACSIM point of contact is Dr. Vic Diersing, DAIM-ED-N, DSN 226-8813.

Chapter 3--RECYCLING

3.1 Description of the Funds or Program that Generates the Funds. The Defense Logistics Agency's (DLA) Defense Reutilization and Marketing Service (DRMS) administers the Resource Recovery and Recycling Program (RRRP). DRMS will return 100 percent of the proceeds from sales of recyclable materials to installations with qualifying (see AR 200-1, para 6-14c and AR 420-47, Chapter 5) recycling programs. Recent DoD recycling policies include installation direct marketing of their recyclable materials with DRMS concurrence and designation of certain scrap metals as recyclable materials. Proceeds must first be used to reimburse installation level costs incurred in operation of the recycling program. The installation commander may use up to 50 percent of the remaining sale proceeds for pollution abatement, energy conservation and occupational safety and health activities. Sale proceeds remaining may be transferred to the nonappropriated morale, welfare and recreation (MWR) account of the installation. Additional financial benefits of the RRRP, beyond the revenue generated, are reduction of current year solid waste handling and landfill costs, extension of landfill capacity, and avoidance/deferral of future landfill costs.

3.2 Pertinent Laws and Regulations. 10 U.S.C. 2577 governs the sale of recyclable materiel. AR 200-1, Environmental Protection and Enhancement, and AR 420-47, Solid and Hazardous Waste Management, require installations to establish or expand their recycling programs. AR 37-1, Army Accounting, Fund Control, and Finance Policies and Procedures, prescribes procedures for disposition of and accounting for the proceeds from sale of recyclable solid waste materiel.

3.3 Illustration of Money Flow. DRMS deposits proceeds received from the sale of recyclable materiel with the servicing Defense Finance and Accounting Service Office (DFASO), to the Budget Clearing Account (Suspense), U.S. Army 21F3875.1111. The fiscal station and the name of the installation that is to receive the proceeds are clearly identified on the DD Form 1131, Cash Collection Voucher. The DFASO notifies the fiscal station and the installation regarding the proceeds. The installation credits the proceeds to funds available for operation and maintenance at the installation. Proceeds must be used as indicated above. Unused balances, up to \$2.0 million may be carried over to the next fiscal year.



3.4 Magnitude of Army Dollars. The Army has received the following gross receipts: FY92--\$18.7 million, FY93--\$16.6 million, and FY94--10.8 million. Current estimates for FY95 exceed \$10 million.

3.5 Functional Proponent for the Program or Funds. Installation engineers are the local proponents of this program; however, the installation commander may designate the MWR or other non-engineer activity to operate the RRRP. ACSIM and DRMS are the Army and Defense level proponents. Further information may be obtained from HQDA points of contact, Mr. Martin Elliott, DAIM-ED-PZ, DSN 226-8813, Mr. William Eng, DAIM-FDF-U, DSN 345-2078, or MAJ Norman Lier, SAFM-RBA, DSN 223-6564.

Chapter 4 --SALE AND OUTLEASE (50/50 LEGISLATION)

4.1 Description of the Funds or Program that Generates the Funds.

Legislative changes allow Army retention of proceeds from the sale of excess non-BRAC real property and outlease of non-excess real and personal property. The sale and outlease program provides an excellent incentive to implement a business-like approach to asset management, while providing the opportunity to generate additional funds. Commanders are encouraged to charge fair market value for any sales and outleases, and to survey their assets periodically to identify any underutilized real or personal property for outlease. Fifty percent of the funds are made available to the installation that generated the revenue and must be used for facility maintenance and repair or for environmental restoration. The remaining 50 percent is available to the MACOM for prioritized requirements for maintenance and repair or environmental restoration. This program does *not* include revenue from permits, easements, and licenses.

4.2 Pertinent Laws and Regulations. 10 U.S.C. 2667 and 40 U.S.C. 485, as amended, authorize DoD retention of proceeds from sale of excess non-BRAC real property and outlease of non-excess real and personal property. National Defense Appropriation Acts for each fiscal year permit the DoD to use the funds generated under this program and deposited in the Special Treasury Accounts, 97R5188 and 97R5189. AR 405-80, Granting Use of Real Estate, governs lease of real property. AR 405-90, Disposal of Real Estate, governs sale of real property. AR 700-131, Loan and Lease of Army Materiel, governs leasing of personal property. AR 37-1, Army Accounting, Fund Control, and Finance Policies and Procedures, prescribes policies and procedures for accounting and

reporting of proceeds and expenses for the program.

4.3 Illustration of Money Flow. Corps of Engineers district finance and accounting offices deposit proceeds from the sale and outlease of real property in the Special Treasury Accounts, 97R5188 and 97R5189. Installation property officers are responsible for depositing proceeds from lease of personal property in 5189. Deposits must clearly identify the installation that generated the revenue by using the proper location code. Periodically, HQDA requests the funds from OSD, who withdraws the money from the special Treasury Accounts and provides it to HQDA via an Obligation Document. HQDA, in turn, provides the funds to MACOMs via Funding Authorization Documents (FADs), indicating the installations who generated the revenue. The funds are considered to be no-year funds, and are, therefore, available for expenditure beyond the fiscal year end.

4.4 Magnitude of Army Dollars. The Army has received the following dollars from this program: FY93--\$7.5 million and FY94--\$25.2 million. Proceeds for FY95 are estimated at \$18 million.

4.5 Functional Proponent for the Program or Funds. Installation engineers are the proponents for sale and lease of real property; property book officers are the proponents for lease of personal property (equipment). Corps of Engineers district offices also have an integral role in the sale and lease process for real property. Further information may be obtained from HQDA points of contact, Mr. Frank Jones, DAIM-FD, DSN 224-3986 or MAJ Norman Lier SAFM-RBA, DSN 223-6564.

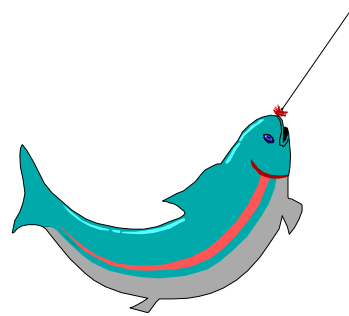
Chapter 5--FISH AND WILDLIFE CONSERVATION PROGRAM

5.1 Description of the Funds or Program that Generates the Funds.

Installations having suitable land and water areas are required to establish Fish and Wildlife Management Programs, with emphasis on the maintenance and restoration of habitats favorable to the production of indigenous fish and wildlife. In cooperation with appropriate State and Federal fish and wildlife agencies, installations may establish fees for special hunting, fishing, or trapping permits that are in addition to State licenses and Federal stamps. These fees are used on the installation from which collected for the protection, conservation, and management of fish and wildlife, including habitat improvement and related activities, but for no other purpose.

5.2 Pertinent Laws and Regulations. 10 U.S.C. 2671 directs that all hunting, fishing, or trapping on a military installation or facility under the control of the Department of the Army will be in accordance with Federal laws and the fish and game laws of the State, commonwealth, or territory in which it is located. 16 U.S.C. 670, as amended by Public Law 99-651, the Sikes Act, allows installations, in cooperation with State and Federal agencies, to establish fees for hunting, fishing, or trapping. The law also requires Natural Resources Management Plans and prescribes the use of proceeds from fees. AR 200-3, Natural Resources--Land, Forest, and Wildlife Management, sets forth policy, procedures, and responsibilities for management of natural resources. AR 37-1, Army Accounting, Fund Control, and Finance Policies and Procedures, prescribes policies and procedures for accounting and reporting of proceeds and expenses for the fish and wildlife conservation program.

5.3 Illustration of Money Flow. Fees collected from individuals for special hunting, fishing, and trapping permits are credited to special receipt account 21R5095, Sale of Hunting and Fishing Permits, Military Reservations. Revenues generated in the current year remain available for obligation indefinitely. However, appropriation 21X5095 is subject to apportionment. Authority to obligate these funds is limited to the annual funding program or receipts or collections, whichever is less. Unused amounts of the annual funding program may not be carried forward to succeeding fiscal years. Receipts, obligations, and expenses must be reported to HQDA.



5.4 Magnitude of Army Dollars. From this program, Army received the following dollars: FY92--\$1 million; FY93--\$1 million; FY94--1.4 million. The estimated receipts for FY95 are \$1.5 million.

5.5 Functional Proponent for the Program or Funds. The Natural Resources Manager of the Director of Public Works is the installation point of contact for this program. At HQDA, the Assistant Chief of Staff for Installation Management (ACSIM) is the proponent. The ACSIM point of contact is Mr. Philip Pierce, DAIM-ED-N, DSN 226-8813.

Chapter 6--PRODUCTION AND SALE OF FOREST PRODUCTS

6.1 Description of the Funds or Program that Generates the Funds. The objectives of production and sale of forest products are to provide for the enhancement of the military mission and integrated management of the total forest ecosystem. Net proceeds from the sale of forest products produced on a military installation are amounts received from the sale less expenses incurred for the production. Authorized expenses are those directly related to the integrated management, production, and sale of forest products and include: Forest improvements, reforestation, forest protection, forest access roads, purchase of forestry equipment, sales, management, and other. Forty percent of the *net* proceeds is provided to the appropriate States and the remaining 60% is deposited into the Forest Products Reserve Account. In general, installations are responsible for forestry management and COE district commanders are responsible for selling timber products.

6.2 Pertinent Laws and Regulations. 41 CFR 101-47.302-2 designates Army as the disposal agency for standing timber without the underlying land. 16 U.S.C. 620 et seq. directs that any unprocessed timber sold from Army land lying west of the 100th meridian will not be used for export. AR 200-3, Natural Resources--Land, Forest, and Wildlife Management, sets forth policy, procedures, and responsibilities for management of natural resources. AR 405-90, Disposal of Real Estate, prescribes Army delegation of sale authority for timber. AR 37-1, Army Accounting, Fund Control, and Finance Policies and Procedures, prescribes policies and procedures for accounting and reporting of proceeds and expenses for the production and sale of forest products.

6.3 Illustration of Money Flow. Proceeds are deposited by the COE districts into the U.S. Army General Fund Budget Clearing Account, 21F3875.3960 20-C S99999 (see AR 37-100-FY). Reimbursable program authority will subsidize all obligations normally funded in appropriations available for operations and maintenance, minor construction, and the purchase of forestry equipment. DFAS-IN will compute and provide 40% of the net proceeds to the appropriate States and deposit the remaining 60% into the Forest Products Reserve Account. District engineers and installations receive funding for reimbursable operations and maintenance expenses using management targets for automatic reimbursable authority. Balances in the DoD Forest Products Reserve Account (21X5285) are made available for military departments for land use improvement projects and to cover unanticipated contingencies in the administration of forest lands and the production of forest products for which other sources of funds are not available in a timely manner.

6.4 Magnitude of Army Dollars. From this program, Army receipts were: FY93--\$10.1 million and FY94--10.3 million. Estimated receipts for FY95 are \$9.5 million.

6.5 Functional Proponent for the Program or Funds. The Director of Public Works Natural Resources Manager is the local proponent for this program. The US Army Corps of Engineers is the overall program manager for the sale of forest products. The HQDA proponent is ACSIM Conservation Division. Point of contact is Dr. Vic Diersing, DAIM-ED-N, DSN 226-8813.

Chapter 7--DoD OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT (DOMFIRA)

7.1 Description of the Funds or Program that Generates the Funds. The DOMFIRA account was established to deposit the receipts from host nations for the fair market value of improvements made by the United States at overseas military installations. This reimbursement may occur after the facilities are returned, in whole or in part, to the host countries. The funds deposited into the DOMFIRA account are available, as provided in appropriation Acts, only for purposes of maintenance and repair (worldwide) and environmental compliance at facilities in and outside the U.S. as specified in the law. Funds in the Account shall remain available until expended.



7.2 Pertinent Laws and Regulations. Public Law 101-510, the FY 1991 National Defense Authorizations Act, Section 2921, Closure of Foreign Military Installations, established DOMFIRA for collection of payments from host nations for the fair market value of improvements made by the U.S. at returned overseas installations, and restricted use of the funds to facility maintenance and repair and environmental restoration at CONUS installations. The statute was later amended to expand use of the funds to include maintenance and repair and environmental compliance at

OCONUS installations. DoD 7000.14-R, Chapter 8, governs deposit, accounting, and funds release procedures. The regulation also provides the Budget Estimate Submission Exhibit to be used in the appropriations process to effect release and use of the funds. Accounting instructions are included in OSD Comptroller letter, dated 17 June 1991, subject: Guidance for Department of Defense Overseas Military Facility Investment Recovery Account.

7.3 Illustration of Money Flow. Cash receipts obtained from host nations are deposited into the DOMFIRA, 97X5193. Army may request release of funding, based on verifiable deposits, by memorandum to the OSD Comptroller, Director for Construction. Budget Estimate Submission Exhibit, OP-29, must be completed to explain collections and document proposed projects to be financed from the proceeds deposited into this account.

7.4 Magnitude of Army Dollars. Proceeds deposited on behalf of Army for DOMFIRA are the following: for FY94 and prior years -- \$3.1 million; and for FY95, receipts total \$36.5 million through April.

7.5 Functional Proponent for the Program or Funds. The OSD Comptroller, Director of Construction proponent is Mr. Bob Bubel, DSN 227-9198. The Army proponent for this program is Mr. Randy Palmer, DAIM-ZR, DSN 224-4371.

Chapter 8--REIMBURSEMENT FOR TRAINING

8.1 Description of the Funds or Program that Generates the Funds.

Legislation allows the Army to train employees from other federal agencies and state and local government employees that attend Army training programs, accept payments from the federal agency or state or local government for the training, and credit those payments to the appropriation or fund used to finance the cost of the training. Training facilities are encouraged to charge amounts that cover the full cost (both direct and a share of the overhead) of providing the training. This program is intended for those Army installations that have a schoolhouse training function as part of their primary mission. It should not be misinterpreted to justify the creation of a training program where one does not currently exist, or where the Army mission will not be supported by the creation of such a program.

8.2 Pertinent Laws and Regulations.

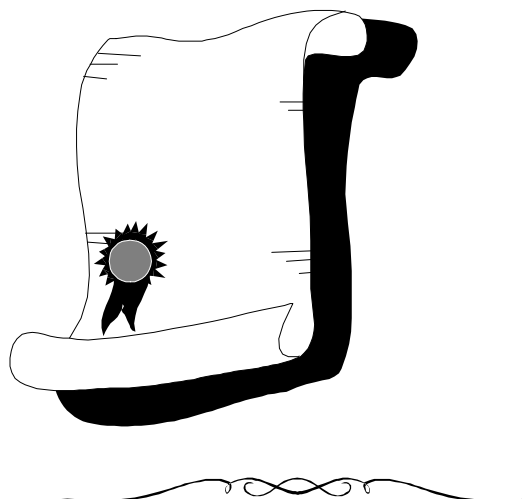
Section 302 of the Intergovernmental Personnel Act of 1970, Public Law 91-648 [codified at 42 U.S.C. 4742(b)], federal agencies may train state and local employees who enroll in the agency's training programs, accept payments from the state or local government for the training, and credit these payments to the appropriation or fund used for providing the training. See Ms. Comp. Gen. B-241269 (Feb 28, 1991). In addition, the Government Employees Training Act, 5 U.S.C. 4104, authorizes federal agencies to provide training to personnel from other federal agencies on a reimbursable basis, and retain and credit to their appropriation any fees collected from interagency training.

8.3 Illustration of Money Flow.

Receipts, as established by the training facility, are collected from the federal agency or state or local government and credited to the appropriation or fund that financed the cost of the training.

8.4 Magnitude of Dollars. To date, this program has not been used to its fullest potential and specific data concerning the funds received as a result of charging outside agencies for training provided is not available. An estimate of the future potential revenue from this program is difficult to gauge because it is affected by many uncontrollable factors such as excess classroom capacity and outside demand for a particular training course.

8.5 Functional Proponent for the Program or Funds. The Assistant Secretary of the Army for Financial Management and Comptroller, Resource Analysis and Business Practices, Financial Analysis Directorate, is the point of contact. Further information may be obtained from HQDA point of contact, Ms Sharon Weinhold, SAFM-RBA, DSN 223-6562.



Chapter 9--LEGACY RESOURCE MANAGEMENT PROGRAM

9.1 Description of the Funds or Program that Generates the Funds. The Legacy Resource Management Program was created and funded by the FY 91 Department of Defense (DoD) Appropriation Act to enhance the stewardship of natural and cultural resources on over 25 million acres of land under DoD jurisdiction. Legacy's goal is to help DoD determine how to better integrate the conservation of irreplaceable biological, cultural, and geophysical resources with the dynamic requirements of military missions. To achieve this goal, the Legacy Program gives high priority to inventorying, protecting, and restoring these resources in a comprehensive, cost-effective manner, in partnership with federal, state, and local agencies, and private groups. Legacy focuses on and funds two main areas of activity that mutually support one another: demonstration projects and program development. Demonstration projects fall into three basic categories: Data Collection, Preservation/Restoration/Management, , and Public Awareness. Numerous demonstration projects are funded at installations across all services and all regions of the United States. In the program development area, several task areas have been funded and assigned to lead agencies. Legacy is not intended to be a substitute source of funds for routine natural and cultural resources activities, but instead funds projects based on their potential to find new or better approaches, methods, or techniques to accomplish stewardship.

9.2 Pertinent Laws and Regulations. Public Law 101-511, the FY 1991 DoD Appropriations Act created the Legacy program. "Guidelines for Managing Your Demonstration Project," April 1993,

provides guidance on documentation required, points of contact, and the annual schedule for submitting projects and requesting funds. Army regulations currently do not cover Legacy; however, Army regulations related to the program are: AR 200-3, Land, Forest, and Wildlife Management; AR 200-1, Environmental Protection and Enhancement; AR 420-40, Historic Preservation.

9.3 Illustration of Money Flow. Each year in June, ODUSD(E) calls for project proposals for the upcoming fiscal year. In January, demonstration projects are approved and funding is awarded from Operation and Maintenance, Defense, 97*0100.1101 09*****. OSD provides funds to military departments via a Fund Authorization, SD 477. Departments then send funds to MACOMs and agencies via PBAS, on Funding Authorization Documents, DA Form 1323-C. All funds must be obligated by 30 September.

9.4 Magnitude of Army Dollars. From this program, Army received the following dollars: FY92--\$15.9 million and FY93--\$23.5 million; FY94--\$16.7 million. Funds for FY95 are estimated at \$7.6 million.

9.5 Functional Proponent for the Program or Funds. The Office of the Deputy Under Secretary of Defense (Environmental Security) has overall responsibility for this program. The Army proponent is ACSIM Conservation Division. Operational management is performed by U.S. Army Environmental Center. Further information can be obtained from Mr. Raul Marroquin, Acting Associate Director, Conservation Division, Environmental Programs Directorate, DSN 226-8816.

Chapter 10--DEFENSE ENVIRONMENTAL RESTORATION

10.1 Description of the Funds or Program that Generates the Funds. The Defense Environmental Restoration Program (DERP) and the associated funding account, DERA, were established to supplement installation funds and assist installation commanders in cleaning up contamination resulting from past disposal practices, not for on-going operations (i.e., compliance efforts). The program applies to real property within the United States and its territories and possessions under the jurisdiction of the Secretary of Defense and currently controlled by a Military Department or Defense Agency. Installations closing or realigning under various BRAC authorities are funded separately. Activities eligible for DERA funding are specified in management guidance periodically issued by the Deputy Under Secretary of Defense for Environmental Security (DUSD(ES)).

10.2 Pertinent Laws and Regulations. The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) and the Resource Conservation and Recovery Act of 1976 (RCRA) are the primary federal laws governing the investigation, assessment and cleanup of contaminated sites. Cleanup at active Army installations pursuant to these laws is carried out under the DERP. The Superfund Amendments and Reauthorization Act of 1986 (SARA) provides continuing authority for the Secretary of Defense to execute the DERP in consultation with the Environmental Protection Agency. Executive Order 12580, 1987, on Superfund implementation, assigns responsibility to the Secretary of Defense for carrying out the DERP within the overall framework of

CERCLA/SARA. AR 200-1, Environmental Protection and Enhancement (under revision), prescribes Army management and execution of the environmental restoration program.

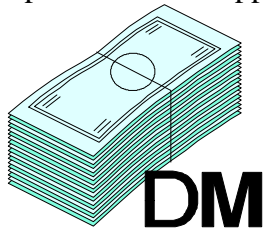
10.3 Illustration of Money Flow. The DERP is funded by a special transfer account, DERA, 97X0810, established by 10 USC 2703. Funds are provided to DoD through the Defense Appropriations Act and are transferred from the DERA into Army appropriations (e.g., O&MA, RDTE, OPA, MCA) during the year of execution by virtue of an SF 1151, Non-Expenditure Transfer Authorization. DERA funds are automatically apportioned. Funds transferred from DERA may only be used for environmental restoration, and may not be reprogrammed for other uses. Army DERP budgets are developed from RCS-1383 Report submittals.

10.4 Magnitude of Dollars. The Army received \$301 million in FY92; \$533.3 million in FY93; and \$627.6 million in FY94 for the Active Sites Program of the DERP. Funds for Active Sites for FY95 are estimated at \$394.8 million.

10.5 Functional Proponent for the Program or Funds. The DUSD(ES) has overall responsibility for managing the DERP. The ASA(IL&E) has been delegated responsibility for overseeing execution of the DERP for the Army in consonance with issued policy and guidance. The Director of Environmental Programs is the HQDA proponent. Further information on the program may be obtained from Mr. Michael Vogt, Chief, Restoration Division, DSN 226-8081.

Chapter 11A--OMA FOREIGN CURRENCY FLUCTUATION

11.1A Description of the Funds or Program that Generates the Funds. The purpose of the Foreign Currency Fluctuation, Defense (FCF,D) Account, 97X0801, is to maintain the intended level of operations for appropriations affected by foreign currency fluctuations and eliminate substantial gains and losses to such appropriations. Over the last several years, appropriations have experienced substantial net losses due to foreign currency fluctuations. This results from the combined effect of projecting foreign currency rates up to two years prior to the year of execution, and not completing disbursements for contracts obligated in the year of execution until three or four years later. The myriad of external forces that cause foreign currency rates to fluctuate can be expected to continue. The FCF, D Account is replenished by the transfer of unobligated operation and maintenance account balances for two years after expiration of the appropriations.



11.2A Pertinent Laws and Regulations. The DoD Appropriations Act for 1979 funded the FCF, D Account. Section 791 of the joint Resolution making continuing appropriations for FY 1983 provided that unobligated operation and maintenance account balances could be transferred into FCF, D Account for two years after expiration of the appropriations. AR 37-1, Army Accounting, Fund Control, and Finance Policies and Procedures,

prescribes procedures for using the FCF, D appropriation.

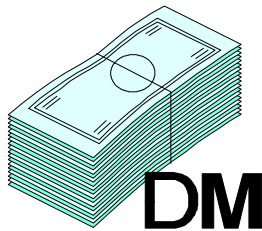
11.3A Illustration of Money Flow. Obligations payable in foreign currencies must be recorded as obligations based on budgeted exchange rates. Adjustments to reflect foreign currency fluctuations will be recorded as disbursements are made. Differences between the budget and current rates are charged directly to the applicable Centrally Managed Allotment (CMA) account described in DA Pam 37-100-FY. DFAS determines the total foreign currency unliquidated obligations at the budget rate for each appropriation (O&MA, MCA, and AFH). The variances (the difference between the budget rate and the actual exchange rate) are charged to the applicable CMA by virtue of an SF 1151, Non-Expenditure Transfer Authorization. Foreign Currency Funds are automatically apportioned. Funds are transferred from the FCF, D Account to the CMA to cover losses due to currency fluctuation.

11.4A Magnitude of Dollars. In FY92, Army received \$333.5 million from the FCF, D Account for OMA programs. In FY93, gains in FCF required that Army return \$30 million to the fund. In FY94 the Army received \$325 million for OMA programs. Army estimates that \$417 million will be transferred to Army OMA from the FCF, D in FY95.

11.5A Functional Proponent for the Program or Funds. OSD manages the FCF, D Account. Within Army, the Army Budget Office is the proponent. The point of contact for O&MA foreign currency fluctuation is Ms. Jean Bennett, SAFM-BUO-C, DSN 227-7669.

Chapter 11B -- MILCON AND ARMY FAMILY HOUSING FOREIGN CURRENCY FLUCTUATION

11.1B Description of the Funds or Program that Generates the Funds. The Foreign Currency Fluctuation, Construction, Defense (FCF,C,D) Account, 97X0803, serves the same purpose for the Military Construction Appropriations that the OMA Foreign Currency Fluctuation Account provides for the Operations and Maintenance Accounts. Appropriations impacted by the FCF,C,D Account are the Military Construction, Family Housing Operations and Maintenance, Family Housing Construction, and NATO Infrastructure appropriations.



11.2B Pertinent Laws and Regulations. The FY 1987 DoD Military Construction Appropriations Act established the FCF,C,D Account. Initially, unobligated balances from the Military Construction, Family Housing Operations and Maintenance, and Family Housing Construction appropriations could be transferred to the FCF,C,D Account for up to two fiscal years after they expired to capitalize and maintain the Account. Section 122, Public Law 102-136 extended the time period from two to five years to reflect the changed rules on availability of appropriations and procedures on closing account balances. The FCF,C,D legislation limits the use of funds provided in this

appropriation solely to losses sustained owing to unfavorable foreign currency fluctuations. The Account is not available to finance cost increases resulting from changes in the scope of construction, inflation increases, or other such changes.

11.3B Illustration of Money Flow. The money flow is similar to that for the OMA Foreign Currency Fluctuation Account. Centrally managed allotments (CMA) were established for the Military Construction, Family Housing Construction, Family Housing Operations and Maintenance, and NATO infrastructure appropriations. Each CMA is subject to the provisions of the Antideficiency Act.

11.4B Magnitude of Dollars. In FY93, Army received \$12 million from the FCF,C, D Account for AFH and MILCON programs. In FY94, the Army received \$10 million to the fund. Army estimates that \$66 million will be transferred to Army AFH and MILCON from the FCF,C,D Account in FY95.

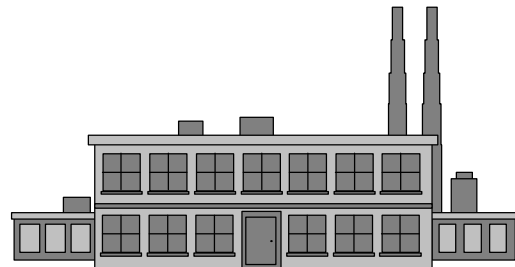
11.5B Functional Proponent for the Program or Funds. OSD manages the FCF, C, D Account. Within Army, the Army Budget Office is the proponent. The points of contact for the Military Construction and Family Housing foreign currency fluctuation is Mr. Bill Tracy, SAFM-BUI-F, DSN: 225-2734, and Mr. Dave Glandon, SAFM-BUI-F, DSN: 225-0959.

Chapter 12--ARMAMENT RETOOLING & MANUFACTURING SUPPORT (ARMS)

12.1 Description of the Funds or Program that Generates the Funds. The purpose of the ARMS initiative is to ensure a viable Government ammunition industrial production base is retained for contingencies and emergency planning by utilizing idle capacity and capability at Government-Owned-Contractor-Operated (GOCO) Army ammunition plants. ARMS endeavors to fulfill this purpose by encouraging commercial firms to use Army GOCO ammunition manufacturing facilities for non-DoD and commercial purposes. By signing a facility use contract, the Operating Contractor is authorized to utilize that facility for purposes consistent with the ARMS Initiative. The Operating Contractor is still responsible for the overall operation and maintenance of the facility. The benefits of opening these plants to contractors for commercial work include retaining a skilled work force, reducing the economic impact of reductions in force to affected communities, offsetting Government cost to maintain these facilities, and increasing ammunition industrial base readiness. ARMS is considered to be a model for future defense conversion initiatives. The funds appropriated for the initiative are to be used to establish the program and demonstrate how it could work effectively. Funds are available for a three year period.

12.2 Pertinent Laws and Regulations. Public Law 102-484, Sections 191-195, the National Defense Authorization Act for FY 1993, authorized the funding, and Public Law 102-396, section 9006, the DoD Appropriations Act appropriated funding for the ARMS initiative. A loan guarantee program was authorized under Public Law 103-337, Section 1141, the National

Defense Authorization Act for Fiscal Year 1995.



12.3 Illustration of Money Flow. OSD provides funding from the Procurement of Ammunition Army appropriation, 21*2034, through HQ AMC to support the ARMS initiative. An SD 440, Investment Program/Fund Approval for Direct Obligation would be received that would release funds for this BLIN. The initial funding was provided to establish the ARMS initiative, to carry out its purposes, and to demonstrate how new and innovative incentive programs might be permanently structured. These funds could also be used to cover the incremental cost of administering the initiative.

12.4 Magnitude of Dollars. For FY93, \$200 million was appropriated for the ARMS initiative. No additional funding has been appropriated. Emergency supplemental rescission took \$85 million of ARMS funding.

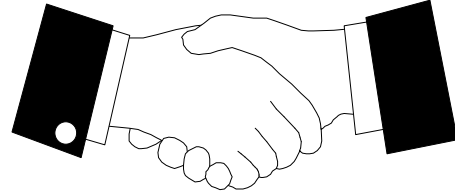
12.5 Functional Proponent for the Program or Funds. The Army staff point of contact is Mr. Richard B. Auger, Headquarters Army Materiel Command, Office of the Deputy Chief of Staff for Ammunition, DSN 284-9838.

Chapter 13--DEFENSE COOPERATION ACCOUNT

13.1 Description of the Funds or Program that Generates the Funds. The Defense Cooperation Account was established to receive contributions of money and proceeds from the sale of any property accepted by the Secretary of Defense from any persons, foreign government, or international organization. Funds in the Account are only available for obligation or expenditure to the extent and in the manner provided in appropriation acts. The funds may be used for programs, projects, and activities of the Department of Defense. Upon request by the Secretary of Defense, the Secretary of the Treasury may invest money in the Defense Cooperation Account in securities of the United States or in securities guaranteed as to principal and interest by the United States. The interest from investments is deposited to the credit of the Account. The Account was established initially to receive contributions from other nations supporting Operation Desert Shield/Desert Storm. The Account is currently the only one authorized to accept gifts from any source. Although the Account has minimal activity at this time, U.S. involvement in non-traditional defense operations may cause its use to increase in the future.

13.2 Pertinent Laws and Regulations. The Defense Cooperation Account was established under 10 U.S.C. 2608, as added by section 202 of Public Law 101-403.

13.3 Illustration of Money Flow. After appropriation, OSD transfers funds into the appropriate service appropriation. Funding Authorization Documents are the vehicle through which this is accomplished.



13.4 Magnitude of Dollars. From this program, Army received the following dollars: FY91--over \$21 billion, of which about 70% was transferred to O&MA; FY92--about \$3.5 billion, of which about 78% was transferred to O&MA; and FY93--about \$354 million, of which about 96% was transferred to O&MA. No additional funds are anticipated for FY94.

13.5 Functional Proponent for the Program or Funds. The Office of the DoD Comptroller (Program and Budget) is the proponent for the program. For further information, contact Mr. Warren Hall, DSN 227-9317. The Army Budget Office point of contact is Mr. Jim Anderholm, SAFM-BUC-E, DSN 227-8217.

Chapter 14--DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES

14.1 Description of the Funds or Program that Generates the Funds.

Public Law 100-456, the FY 1989 National Defense Authorization Act, legislated that DoD become the lead federal agency for detecting and monitoring aerial and maritime transit of illegal drugs into the United States. In March 1990, the Deputy Secretary of Defense directed that consolidated counterdrug Program Objective Memorandums (POM) and centralized budgets be prepared and submitted to the DoD Comptroller. Concurrently, the Drug Interdiction and Counterdrug Activities Defense Account, a central transfer account, was established to provide funding for Secretary of Defense approved counterdrug activities and projects.

14.2 Pertinent Laws and Regulations.

In addition to the responsibility designated above, the FY 1989 National Defense Authorization Act specified two other DoD responsibilities. DoD would also: 1) integrate command, control, communications and intelligence (C³I) federal assets dedicated to drug interdiction into an effective network, and 2) approve and fund state governors' plans for expanded use of the national guard in support of drug interdiction and enforcement operations by drug law enforcement agencies. The FY 1990 National Defense Appropriations Act requires a separate DoD submission for counterdrug missions.

14.3 Illustration of Money Flow.

Counterdrug funding is appropriated by Congress into the Drug Interdiction and

Counterdrug Activities Account. DoD reprograms funding from this central transfer account, 97*0105, to the separate services and DoD agencies for approved counterdrug projects. The Services and DoD agencies forward the funding to subordinate levels via Funding Authorization Documents. Counterdrug funding is fenced for use only in approved counterdrug projects.

14.4 Magnitude of Dollars. The total Army counterdrug program, to include funding for the US Army Reserve and the Army National Guard, was approximately \$276 million in FY94, and \$238 million in FY95. It is estimated to be approximately \$230 million in FY96.

14.5 Functional Proponent for the Program or Funds. The Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) is the DoD functional proponent and is responsible for budget and POM submissions, to include operation and maintenance, procurement, RDT&E, and military construction requirements. The Army functional proponent is the Counterdrug Division, ODCSOPS. Questions may be addressed to DAMO-ODD, DSN 223-4358. Within the Army Budget Office, SAFM-BUC-I, DSN 227-5099, is the point of contact for the budget.

Chapter 15--USE OF TEST AND EVALUATION INSTALLATIONS BY COMMERCIAL ENTITIES

15.1 Description of the Funds or Program that Generates the Funds. The FY 1994 Defense Authorization Act, Public Law 103-160, Section 2681, improves the pricing policies for use of Major Range and Test Facility (MRTF) Installations of the Military Departments. The law enables DoD to enter into contracts with commercial entities that wish to conduct commercial test and evaluation activities at MRTF Installations, laboratories, or industrial facilities of DoD, and charge a contract price that reimburses DoD for all direct costs associated with the test and evaluation activities, as well as for such indirect costs related to the use of the installation as prescribed in DoDI 3200.11, AR 70-69, and other applicable regulations. Previously, legislation required DoD/Army to charge direct, indirect, unfunded costs, surcharges, and other charges, that, in many cases, precluded extensive commercial use of the facilities. With Army R&D declining, other DoD or commercial business is desirable to offset the cost of maintaining and improving range and test facilities for current and future requirements. Since, in some cases, Army MRTF Installations have test equipment or facilities found nowhere else in the world, the potential for additional business is significant.

15.2 Pertinent Laws and Regulations. Chapter 159 of title 10, United States Code, was amended by inserting a new section, 2681, to improve pricing policies for use of MRTF Installations by commercial entities, as described above. All current acquisition regulations still prohibit pricing below fair market value since that would create an unfair competitive advantage over private

industry. DoDI 3200.11, states that all nonfederal agencies and commercial users shall reimburse the activity for direct and indirect costs in accordance with DoDI 7230.7. However, when the use of an activity has been included in a contractual agreement as Government-furnished services, the user shall be charged, based on the category of the contracting Government agency. Foreign users shall reimburse the activity in accordance with DoD 2140.1 for Foreign Military Sales (FMS) cases or DoD 7230.7, when no FMS case is involved.

15.3 Illustration of Money Flow. Funds (as established by the contract) are collected from commercial users and credited to the appropriation accounts (RDTE, 2040) under which the cost for the test and evaluation activities were incurred.

15.4 Magnitude of Dollars. Army MRTF Installations have been performing reimbursable test and evaluation activities for other DoD, non-DoD government, and commercial entities for several years. Currently, about \$6 million per year is generated from use of Army MRTF Installations by other entities. The new pricing policies and a more flexible policy regarding marketing could triple the revenue generated from this source.

15.5 Functional Proponent for the Program or Funds. Army Materiel Command's Test and Evaluation Command Headquarters is the functional proponent for this program. Further information can be obtained from AMSTE-TA-O, Test Operations and Policy, Mr. Brian Simmons, DSN 298-1417.

Chapter 16--PATENT AND ROYALTY INCOME

16.1 Description of the Funds or Program that Generates the Funds. In order to promote transfer of Federal technology, the Federal Technology Transfer Act of 1986 authorized U.S. Government laboratories to license their patents to the private sector, including exclusive licenses, and authorized U.S. Government inventors and Federal laboratories to receive royalties and other income from these license agreements as incentives. Prior to enactment of the law, royalty income was deposited into the Miscellaneous Receipts Account of the Treasury, 21R3210. A percentage of the royalties and other income from license agreements must be disbursed to the inventor(s). The patent holders receive up to \$1,000 each or 20% of the total income divided by the number of patent holders, whichever is greater. At least 50% of the residual monies are distributed to the Army Laboratory or Center where the invention occurred, and any remaining portion may be distributed to, or used on behalf of, other Army laboratories or centers. The laboratories may use the monies for payment of expenses incidental to administration and licensing of inventions; reward of scientific, engineering, and technical employees at that activity; promotion of scientific exchange among other activities with the Army; education and training of employees consistent with the R&D mission and objectives; and other activities that increase the licensing potential for transfer of the technology of the Army laboratory.

16.2 Pertinent Laws and Regulations. Public Law 99-502, the Federal Technology Transfer Act of 1986, established the authority for U.S. Government laboratories to transfer technology to the private sector and retain royalties and other income from

the license agreements. 15 U.S.C. 3710c. requires that payments of royalties to an employee will not exceed \$100,000 per year without Presidential approval. 5 U.S.C. 4504 provides Presidential authority for payments above \$100,000. 15 U.S.C. 3710c., DoD 3200.12-R-4, and AR 70-57 prescribe use of the monies by Army laboratories. AR 37-1, Army Accounting, Fund Control, and Finance Policies and Procedures, prescribes policies and procedures for accounting and distributing of income from royalties.

16.3 Illustration of Money Flow. Private sector licensees send royalty checks directly to the Defense Accounting Office (DAO), USA Adelphi Laboratory Center (ALC), the central point for receipt, disbursement, and transfer of royalty monies. The DAO, ALC deposits the royalty receipts to account 21F3875.3953, then disburses the monies to patent holders and laboratories. The latter receive SF 1080s from DAO, ALC, establishing automatic reimbursable orders in the appropriation that will incur the obligations. After close of the fiscal year following the year of initial receipt by the Army, unobligated balances are transferred to the Miscellaneous Receipts Account.

16.4 Magnitude of Dollars. Royalty income distributed to the Army was: FY92--\$78,108; FY93--\$77,265; FY94--\$109,935.

16.5 Functional Proponent for the Program or Funds. The office of the Domestic Technology Transfer Program Manager (DTTPM) is the proponent for administering the Army Domestic Technology Transfer program. Further information on royalties may be addressed to Dr. J. Roland Gonano, (301) 394-4602.

Chapter 17--ENERGY CONSERVATION INVESTMENT PROGRAM (ECIP)

17.1 Description of the Funds or Program that Generates the Funds. The ECIP is a DoD program established to improve energy efficiency of existing DoD facilities while reducing associated utility energy and non-energy related costs. The program is accomplished through energy-saving projects funded with Military Construction, Defense Agencies (MCDA), 97@0500. ECIP is a primary part of the Defense Energy Plan and can play an important role in implementing Presidential Executive Order 12902 to increase energy efficiency in federal buildings. Army installations and MACOMs should use ECIP, along with other resource programs for energy, to assist in implementing Army energy reduction goals (such as, reducing facilities energy consumption by 30% by the year 2005, as compared to levels in 1985). For funding consideration, installations submit DD 1391 documentation for project proposals and forward through MACOMs to HQDA. The projects must be aimed at reducing energy use through the construction of new, high efficiency energy systems and the improvement or modernization of existing Army systems, buildings, or facilities. Since projects are ranked by savings to investment ratio, an economic analysis must be included. Comprehensive project descriptions are also important, since non-energy cost issues may impact the ranking of the projects (e.g., environmental benefits, maintenance or manpower savings, and use of alternate or renewable energy resources). Army expertise, such as at the US Army Center for Public Works and the Construction Engineering Research Laboratory, is available to help installations identify energy saving technology.

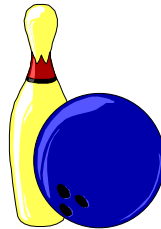
17.2 Pertinent Laws and Regulations. The following govern program policy: Executive Order 12902, Energy Efficiency and Water Conservation in Federal Facilities, 8 March 1994; Defense Energy Program Policy Memorandum 91-2, Implementing Defense Energy Management Goals, 19 March 1991; DUSD(L/MRM), Energy Conservation Investment Program Guidance, 17 March 1993. AR 11-27, Army Energy Program, prescribes responsibilities for ECIP. Guidance on preparing projects for the ECIP program is contained in the DUSD memorandum and in current Army implementing instructions.

17.3 Illustration of Money Flow. Once projects and funding are approved, funds flow through the Army Budget Office to Corps of Engineers divisions and districts where the installations that developed the projects are located.

17.4 Magnitude of Dollars. ECIP funding provided to Army has been: FY93--\$5.21 million; FY94--\$10.03 million; FY95--\$11.58 million. DoD has indicated that ECIP funding will be increased for FY96-FY99.

17.5 Functional Proponent for the Program or Funds. At HQDA, DCSLOG (DALO-TSE) is the overall energy proponent. ACSIM is the functional proponent for facilities-related energy matters and, in particular, for the ECIP program. Further information can be obtained from Mr. Henry Gignilliat, DAIM-FDF-U, DSN 345-2003 or (703) 355-2003. The pertinent Army Budget Office is SAFM-BUI-F.

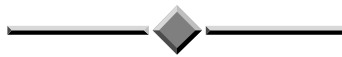
Part II--NONAPPROPRIATED FUNDS (NAF), MWR COMMERCIAL SPONSORSHIPS, AND PARTNERSHIPS



NAF



MWR COMMERCIAL SPONSORSHIPS



PARTNERSHIPS

Chapter 18--NONAPPROPRIATED FUNDS (NAF)

18.1 Description of the Funds or Program that Generates the Funds.

Nonappropriated funds (NAF) are generated through authorized patron use of MWR programs at the local installation. These funds are in the form of user fees and charges. NAF is included in this guide to provide a more complete coverage of resources (other than typical Army appropriations) available to installations. It is not meant to indicate that NAF should be used to offset or replace appropriated funds (APF). Specifically, nonappropriated funds may not be used to augment appropriations and should not be used to fund mission activities. However, there is an important interrelationship between APF and NAF. Both APF and NAF support quality of life activities such as child development centers, arts and crafts shops, and recreation centers. Some flexibility exists to change the mix of APF and NAF support to these activities. Therefore, as APF dollars decline, installations that find ways to generate additional NAF dollars may be able to continue to provide Category B MWR services that might otherwise be reduced or eliminated. Installation commanders must exercise caution in determining how both sources of funds are applied. Installation commanders must also weigh the benefits provided by each program against its associated costs or ability to generate additional funds. Recently instituted financial standards for MWR activities will place even greater emphasis on reduction of operating costs and on overall financial performance.

18.2 Pertinent Laws and Regulations.

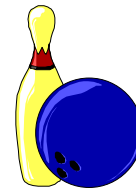
Since NAF, by definition, are not appropriated by Congress, congressional control is primarily accomplished by the MWR panel of the House National Security Committee and the Senate Armed

Services Committee counterpart. DoD instruction 7000.12 and numerous DoD directives provide overall guidance which is implemented by Army Regulations 215-1 through 215-5. The MWR Board of Directors (BOD), whose members are the four-star commanders and the Commander, USARPAC, provide policy guidance and strategic direction for Army MWR operations.

18.3 Illustration of Money Flow.

Installations receive NAF from a variety of sources. The overwhelming majority of NAF is generated on the installation from operation of business activities. The installation receives a share of income generated by AAFES in its exchanges, Class VI, and food and phone operations. These funds are paid as the Army Simplified Dividend. Other funds are earned and retained at the installation from MWR business activities. Major NAF construction projects are approved by the MWR BOD and generally funded from centralized NAF.

18.4 Magnitude of Army Dollars. In FY 94, Army field NAF Instrumentalities generated \$843 million total revenue, with net income before depreciation of \$28.8 million.



18.5 Functional Proponent for the Program or Funds.

The Directorate of Personnel and Community Activities (DPCA) is the local program proponent. At HQDA, the proponent is the Community and Family Support Center (CFSC). The CFSC point of contact is Mr. Jeff Dalbey, CFSC-RM, DSN 221-8640.

Chapter 19--MWR COMMERCIAL SPONSORSHIP

19.1 Description of the Funds or Program that Generates the Funds.

Commercial sponsorship, authorized by the Office of the Assistant Secretary of Defense, is the act of providing assistance, funding, goods, equipment (including fixed assets), or services to an MWR program(s) or event(s) by an individual, agency, association, company or corporation or other entity (sponsor) for a specific (limited) period of time, in return for public recognition or advertising promotions. Commercial sponsorship by U.S. sponsors is either competitively solicited or unsolicited, and is authorized **only** for support of DoD MWR programs. Commercial sponsorship is not a gift or donation, but instead, the exchange of value by the sponsoring corporation for marketing opportunities within the military community. Most Army installations are enhancing the quality of life of soldiers and family members by participating in some form of commercial sponsorship. The program provides a vehicle for the Army to offset the costs of events, to enhance existing events, and to offer exciting new events while allowing corporate America to reach their target markets.



19.2 Pertinent Laws and Regulations.

The MWR Commercial Sponsorship Policy is specified in a 19 May 1992 memorandum from the Deputy Assistant Secretary of Defense (Personnel Support, Families & Education). A memorandum dated 26 October 1992, modified the

policy to require that commercial sponsorship opportunities be coordinated with the local Armed Forces Exchange to insure they do not violate existing understandings or agreements. The basic policy requires establishment of standard procedures to accomplish the program. Some of these follow. Obligations and entitlements of the sponsor and the MWR program must be incorporated into written agreements that receive legal review. Appropriate disclaimers are required in any public recognition or advertising media, since DoD does not endorse nor favor any commercial supplier, product, or service. The DoD component must maintain a record of all MWR sponsored events to include the sponsor's name and organization, the type and amount of the sponsor's assistance, funding, goods, or services provided, and the disposition and use of that assistance, funding, goods, or services provided within the MWR programs. Interim Army guidance on the sponsorship program was issued in June 1994.

19.4 Magnitude of Dollars. In 1993, the program generated over \$5.7 million in cash and merchandise and in-kind services. 1994 program results are not yet available.

19.5 Functional Proponent for the Program or Funds. The Community and Family Support Center (CFSC) is the functional proponent for the commercial sponsorship program. Their Commercial Sponsorship staff is available to help MACOMs and installations with their commercial sponsorship initiatives. Questions may be addressed to Ms. Robin Donohoe, CFSC-PNC, DSN 221-2473 or (703) 325-2473. FAX is (703) 325-4354.

Chapter 20--PARTNERSHIPS

20.1 Description of the Program.

Partnerships are alliances or collaborative relationships between the installation and other parties. The partnerships extend beyond typical business relationships and provide a benefit to all partners. Examples of partnerships include relationships between the installation and on-post labor unions, other federal agencies, surrounding communities, state and local governments, private businesses, and universities. Partnerships are included in this guide to illustrate one approach installations can use to increase the buying power of available funds from all sources. Partnerships generally do not result in the receipt or transfer of funds. In fact, the law precludes installations from accepting funds from other than appropriated sources and using them for appropriated fund missions. This use would be considered improper augmentation of appropriations. Partnerships, on the other hand, involve the sharing of land, facilities and equipment, exchanges of goods or services, or transactions in kind. Some examples of typical partnership activities are the following: land use agreements where the installation provides land for private construction or development of a school that can be used by the installation, or a community landfill that can be used jointly by the installation and the community; sharing of facilities, such as fire departments and libraries, or equipment such as fire trucks; exchanging services such as joint recycling or training programs for the mutual benefit of the installation and community. As installation funding and manpower resources are reduced for

base operations and other purposes, partnership agreements are becoming increasingly important. They present another innovative business practice that will help create an Army that “works better and costs less” in the spirit of the National and Defense Performance Reviews. Partnerships also build good will between the installation and other partners, since combining resources often results in significant benefits and savings for all participants.

20.2 Pertinent Laws and Regulations.

Partnership agreements vary from installation to installation. In the general sense, partnerships are not covered by existing public law. Specific laws do exist, however, for certain types of partnerships, such as partnerships between installations and utility companies. These laws are contained in the annual DoD appropriations and authorizations acts.

20.5 Functional Proponent for the Program or Funds.

Partnerships are an emerging approach to doing business on installations during a period of increasingly reduced resources. No functional proponent for the program exists, per se. However, in pursuing partnerships, installations should consult with the functional proponents for the area in which they wish to establish a partnership arrangement. Legal offices should also be involved. Further general information on partnerships may be obtained from HQDA, SAFM-RBA, DSN 223-6562 or (703) 693-6562.

Part III--PROPOSED LEGISLATION FOR FUTURE SOURCES OF FUNDS



Chapter 21--CONTRACT FRAUD

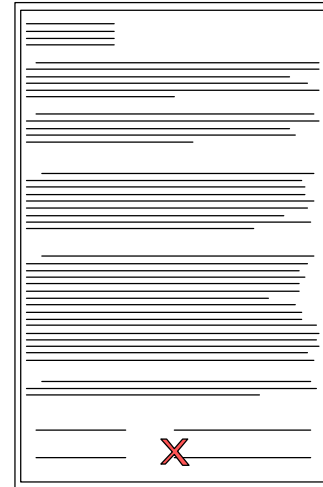
21.1 Description of the Proposed Legislation that Would Generate the Funds. The attached legislative proposal would allow the military departments to retain and to credit to current appropriations 3 percent of the funds recovered from contract fraud investigations. This proposal has two basic purposes. The first is to provide business-like incentives for the military departments to aggressively pursue instances of contract fraud. The second is to provide funds for performing additional investigations and for mission essential functions as determined by the Service.

Currently, funds recovered from contract fraud are deposited either to Miscellaneous Receipts Accounts of the Treasury, 21R3210, or to the account from which they originated. In this second case, due to the length of most investigations, the original appropriation has closed and the funds are returned to the Treasury without being used.

In addition, since the Treasury would receive 97 percent of all funds recovered, revenue to the Government would increase with additional fraud recoveries. Precedent already exists for this proposal. The law allows the Department of Justice to keep up to 3 percent of all amounts collected from civil collection activities.

21.2 Pertinent Current Laws and Regulations. 31 U.S.C. 3302 (b) indicates that proceeds received for the use of the government must be deposited into the Miscellaneous Receipts Account, unless there exists specific statutory authority to the contrary. To enact the proposed

legislation, a new section would be added to chapter 137 of 10 U.S.C.



21.3 Functional Proponent for the Program or Funds. The Assistant Secretary of the Army for Financial Management, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. Further information may be obtained from HQDA points of contact, Mr. Dale Lynn, SAFM-RBA, DSN 223-6564.



Chapter 22--PROCUREMENT OF PRINTING SERVICES

22.1 Description of the Proposed Legislation that Would Generate the Funds. The proposed legislation would allow executive branch organizations to purchase printing and duplicating services directly from local printing vendors without going through the Government Printing Office. This flexibility is primarily intended to be used for the smaller, localized field printing and duplicating services that are provided the least economically by the Government Printing Office. The benefit of this proposal is that, at the local level, agencies will be able to shop for the best value source for printing and duplication service based on quality of product, turn-around time, and overall price. This initiative fully supports the Administration and Congressional direction to eliminate the functions that should not be done by the federal government and can be done better in the competitive civilian sector.

When approved, the modified law will allow agencies to go directly to local printers for all requirements under \$2500. This creates the optimum situation in which printing and duplicating costs will be determined by competitive, market-driven conditions rather than artificial constraints and mandates. Money that is saved by obtaining printing and duplicating services for the lowest possible price will be used to advance high technology information services such as CD-ROM and on-line access. This will have a direct benefit by improving efficient and effective operations and reducing costs by eliminating a dependency on hard-copy printing and duplication.

22.2 Pertinent Current Laws and Regulations. Section 207(a) of Public Law 103-283, prohibits entities of the executive branch from obligating or expending appropriated funds for the procurement of printing and duplicating services unless such procurement is by or through the Government Printing Office. The only exceptions are individual orders that: (1) cost less than \$1000, (2) are not of a continuing or repetitive nature, and (3) the Public Printer certifies that the Government Printing Office cannot do the job more economically. Requests for exception are rarely granted by the Public Printer.



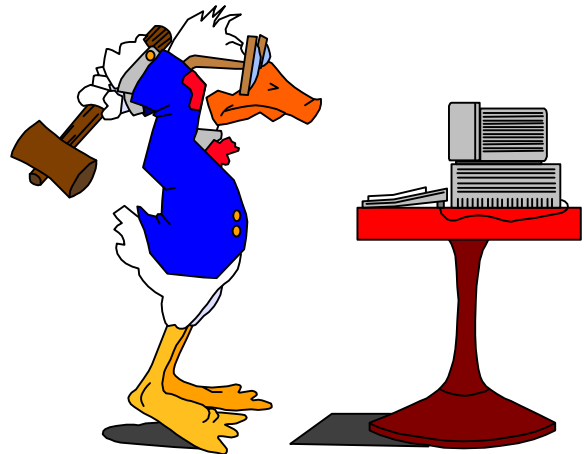
22.3 Functional Proponent for the Program or Funds. The US Army Printing and Publications Command is the functional proponent for this program. The Assistant Secretary of the Army for Financial Management, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. Further information may be obtained from HQDA points of contact, LTC Steve Prangle, SAFM-RBA, DSN 223-6563.

Chapter 23--LOST AND DAMAGED PROPERTY

23.1 Description of the Proposed Legislation that Would Generate the Funds. The legislative proposal would permit military departments to retain and to credit to current appropriations funds recovered for lost or damaged DoD property, rather than deposit the amounts to the miscellaneous receipts account of the Treasury. The proposal is in keeping with one of the key goals of the Vice President's Reinventing Government Task Force--to replace regulations with incentives. The proposal does that by: a) Re-emphasizing the importance of property accountability; b) Providing the incentive to increase efforts to thoroughly investigate losses and damages and obtain reimbursement; and c) Increasing incentive for users of government property to take proper care of the property or pay for loss or damage. Currently, when the military departments recover funds for lost or damaged property, the funds are deposited into the Treasury. The installation, activity, agency, or command whose property was damaged or lost cannot use those funds to repair or to replace the damaged or lost property. Under the proposed legislation, the funds recovered would be credited to the appropriation available to repair or replace the lost or damaged property.

23.2 Pertinent Current Laws and Regulations. 31 U.S.C. 3302 requires that funds received by the Government be deposited in the Miscellaneous Receipts Account of the Treasury, 21R3210, unless a statute specifically authorizes crediting the funds to an appropriation. Title 10 would be amended and a new section added (2783), if the proposed legislation is enacted.

23.3 Functional Proponent for the Program or Funds. The Assistant Secretary of the Army for Financial Management, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. Further information may be obtained from HQDA points of contact, Mr. Dale Lynn, SAFM-RBA, DSN 223-6564.



Chapter 24--RETENTION OF AWARD MONEY FROM NON-GOVERNMENTAL ENTITIES

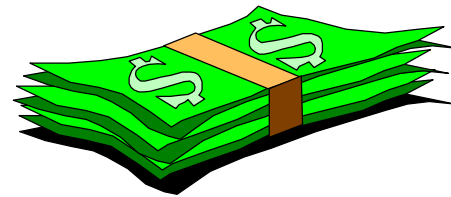
24.1 Description of the Proposed Legislation that Would Generate the Funds. This legislative proposal would allow federal agencies and activities to keep monies received as cash prizes in civilian award competitions.

Currently, if a Department of Defense organization were given a monetary award from a non-governmental entity the organization would be forced to deposit the funds into the Treasury. This provides no incentive for the DoD to compete for these awards and, in some cases, actually negates the DoD's opportunity to compete for the awards. The proposed legislation would allow an installation commander to accept award money for immediate use on the installation. Upon acceptance of the award dollars, the legislation would allow the commander to give up to 50% to the individual(s) responsible for winning the award.

There are several award competitions that Federal sector organizations may enter. These competitions award the winners with cash awards that, in the case of the Department of Defense, must be deposited into the Treasury. This situation does not provide any additional incentive to individuals or organizations to compete in these programs. Without this incentive, the Department of Defense and the Federal government lose an opportunity to advertise the great things government employees and agencies are doing and an opportunity to garner cash awards for agency use.

Department of Defense personnel and organizations have, in many instances, led the way in finding innovative solutions to problems of declining resources and

new missions. These creative solutions are just the kind of accomplishment that can be submitted for competition in awards programs. If the proposed legislation is enacted, a winning organization could use cash awards for rewarding employees and for other organizational purposes.



24.2 Pertinent Current Laws and Regulations. Section 3302 of title 31, United States Code, requires an officer or employee of the Government who receives funds for the Government from any source to deposit those funds in the Treasury without delay and without deduction for any charge or claim. As an exception, funds may be credited to an appropriation, rather than deposited into the Treasury, when a statute specifically authorizes the credit.

24.3 Functional Proponent for the Program or Funds. The Assistant Secretary of the Army for Financial Management, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. Further information may be obtained from HQDA points of contact, Mr. Dale Lynn, SAFM-RBA, DSN 223-6564.



Chapter 25--SALE AND OUTLEASE PERMANENT AUTHORITY

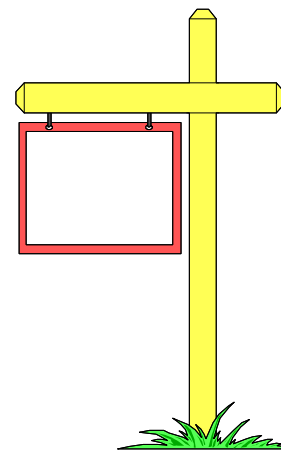
25.1 Description of the Proposed Legislation that Would Generate the Funds. The proposal would allow one hundred percent of net proceeds from the sale of non-BRAC excess real property and outlease of non-excess real and personal property to be credited to the current year operation and maintenance appropriation of the installation where the property is located. Current law requires that these funds be deposited in special Treasury accounts and the deposits are available only as provided in annual appropriation acts. Additionally, the proposal would reduce the detailed reporting requirement on the sale and disposal of real property, and require that the proceeds be reported in an O&M budget exhibit.

The purpose of the legislation is to fine tune the current law to streamline the process. The proposed amendments would make the program work more efficiently and business-like by allowing immediate use of the funds credited into the operating account of the installation generating the revenues, and significantly reducing an unnecessarily detailed reporting requirement.

25.2 Pertinent Current Laws. Public Law 101-510, the National Defense Authorization Act of 1991, Sections 2805 and 2806, established the authorization for retention of proceeds from the sale of non-BRAC excess real property and the outlease of non-excess DoD real and personal property. Both sections specified that the amounts generated were only available as provided in appropriation acts.

These sections amended Section 204 of 40 U.S.C. 485 and 10 U.S.C. 2667, which would be further amended if this proposal is enacted.

25.3 Point of Contact for the Legislative Action. The Assistant Secretary of the Army for Financial Management, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. The Army Corps of Engineers is the functional proponent for the program. Further information may be obtained from HQDA point of contact, MAJ Norm Lier, SAFM-RBA, DSN 223-6564.



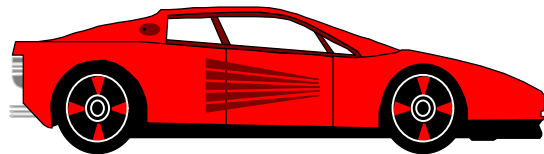
Chapter 26--LOST, ABANDONED, OR UNCLAIMED PERSONAL PROPERTY

26.1 Description of the Proposed Legislation that Would Generate the Funds. The current law authorizes a Navy demonstration project which allows Naval Base and Naval Air Station, Norfolk, VA, to sell lost, abandoned, or unclaimed personal property. The proceeds, after covering expenses, may be used to support morale, welfare, and recreation at the installation. After the first year of the project, the Navy reported \$98,000 in net revenues. The project is scheduled to terminate in December 1995. This proposal would authorize the Secretary of Defense to implement the authority granted in the Navy demonstration project DoD-wide.

Military installations are routinely faced with disposing of personal property, particularly automobiles, that service members have abandoned, lost, or left unclaimed. The installation is required to try to identify and contact the owner, and store and care for the property before it can be processed for disposal. The installation can then either sell the property through the Defense Reutilization and Marketing Service or through direct sale. In either case, the installation incurs the costs to dispose of the property, but cannot retain any of the proceeds from the sale. This legislation places the disposal function on a business-like basis and provides an incentive to the installation to obtain the best price when selling the property. The installation also rids itself of an environmental, public safety, and security threat at the least possible cost with the

possibility of creating income for the installation.

26.2 Pertinent Current Laws. Public Law 102-190, Section 343, the National Defense Authorization Act for Fiscal Year 1992 and 1993, authorizes the Navy demonstration project. Section 2575 of Title 10 requires amounts generated from the sale of property be deposited in the U.S. Treasury, Miscellaneous Receipts Account. This proposal would convert the demonstration project to a permanent program and apply a special rule regarding the disposition of proceeds from the sale of this property.



26.3 Point of Contact for the Legislative Action. The Assistant Secretary of the Army for Financial Management, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. Further information may be obtained from HQDA point of contact, Mr. Dale Lynn, SAFM-RBA, DSN 223-6564 or COMM: (703) 693-6564. FAX number is (703) 693-1003.



Chapter 27 -- CONSERVATION FUNDS AT BRAC SITES

27.1 Description of the Proposed Legislation that Would Generate the Funds. The legislative proposal would allow the Services to transfer funds generated from the sale of fishing and hunting licenses from a closing installation to one which will remain open. All other restrictions on the use of the funds would stay in effect. The current legislation (known as the Sikes Act) allows installations to sell fishing and hunting licenses and to retain the funds. These funds are to be used for habitat rehabilitation and the protection, conservation, and management of fish and wildlife. In addition, the statute requires that the funds be expended on the military reservation on which they were collected. When written, this last requirement was appropriate and, in most cases, the logic still applies. The exception is for a military installation that is closed due to a Base Realignment and Closure action. As a base closes, operating funds, both appropriated and nonappropriated, are moved to other installations. The fees, by statute and cooperative agreement with the Interior Department, are collected by and belong to the installation. Unless the law is amended, the hunting and fishing fees will be left in an uncertain status and will be unavailable for funding the work for which it was intended.

27.2 Pertinent Current Laws and Regulations. 16 U.S.C. 670(a) requires that funds generated from license fees must be expended on the military installation on which the funds were collected. Title 16 would be amended by striking this requirement in instances where the

generating installation is closed due to a Base Realignment and Closure action.

27.3 Functional Proponent for the Program or Funds. The Assistant Secretary of the Army for Financial Management and Comptroller, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. Further information may be obtained from HQDA point of contact, Mr. Dale Lynn, SAFM-RBA, DSN 223-6563.



Chapter 28--UNIFIED RESOURCE DEMONSTRATION PROJECT

28.1 Description of the Proposed Legislation. The legislative proposal would create a demonstration project authorizing a two-year test of a concept to merge appropriated (APF) and non-appropriated (NAF) funds at a maximum of two Army installations. During the test, test installations would merge APF with NAF for morale, welfare, and recreation (MWR) programs. All transactions, to include payroll, would be accomplished with NAF, but accounting records would be maintained for reporting to Congress on the uses of the APF merged with the NAF dollars. By combining funds and tracking them through the NAF accounting system, installation commanders and Army decision makers would have access to more complete cost data. This would allow the Army to better articulate its funding requirements and would provide installation commanders the information necessary to make decisions as to which programs to expand, decrease, or eliminate. This concept would require the installation to construct and use a consolidated APF and NAF budget. The budget would clearly delineate projected costs and would allow the installation, major command, and Service headquarters to see specifically where, and for what purpose, requested funds are required. Operating MWR on an all-NAF basis would provide the installation commander greater flexibility and produce cost savings for both APF and NAF. Appropriated fund overhead for personnel services, contracting, and accounting would all be eliminated and increased flexibility in all those areas would reduce NAF costs.

28.2 Pertinent Current Laws and Regulations. Absent express statutory authority, appropriated funds (APF) may not be transferred to nonappropriated fund (NAF) accounts for the purpose of circumventing (1) statutory procedures under 5 U.S.C. governing the recruitment and employment of APF personnel, (2) APF procurement procedures as set forth in the Federal Acquisition Regulation (FAR), (3) fiscal law constraints set forth under 31 U.S.C. including prohibitions on the unauthorized augmentation of APFs and restrictions on obligation authority, or (4) any statutory manpower utilization ceilings or other such limitations on the number of APF personnel. Further, DoD's congressional oversight committees have issued committee report language restricting APF reimbursements to NAF accounts, and the Comptroller General has concluded that the military departments must comply with competitive contracting requirements when procuring goods or services from nonappropriated fund instrumentalities (NAFIs).

28.3 Functional Proponent for the Program or Funds. The Assistant Secretary of the Army for Financial Management and Comptroller, Resource Analysis and Business Practices, Financial Analysis Directorate is the point of contact for this legislative proposal. Further information may be obtained from HQDA points of contact, Mr. Dale Lynn, SAFM-RBA, DSN 223-6564